

Message Text

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-----097057 181720Z /64

O 181702Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA IMMEDIATE

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E.O. 11652: GDS

TAGS: ETRD, BDIS, EAGR, TU

SUBJECT: TRADE COMPLAINT: CONTINENTAL GRAIN

REF: ANKARA 1264

1. DEPTOFF SHARED WITH SORENSEN GIST OF CONVERSATION
REFTEL, INCLUDING CONDITIONS SUGGESTED BY AGRICULTURE
MINISTER YUCELER (PARA 4 REFTEL). AFTER CHECKING WITH
CONTINENTAL GRAIN, SORENSEN TELEPHONED DEPARTMENT FEB 17
WITH FOLLOWING COMMENTS ON EACH OF SUGGESTED CONDITIONS:

A. CONTINENTAL CO?PROMISE OFFER WOULD INVOLVE TURKEY
EARNING FOREIGN EXCHANGE AND IN PROCESS ALLOW CONTINENTAL
RECOVER OVER TIME MONEY OWED TO IT BY GOT, THUS THIS
CONDITION POSED NO PROBLEM;

B. SINCE DEMIREL GOVERNMENT BREACHED CONTRACT AND WOULD
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NOT SETTLE DISPUTE, A SOLUTION MIGHT NOW ALLOW PROCESS OF
SETTLEMENT TO BE REACHED THROUGH WHICH PRESENT GOVERNMENT
COULD AVOID CRITICISM;

C. THIS CONDITION SHOULD POSE NO PROBLEM SINCE CONTINENTAL
WOULD PROPOSE PRICE RELATED TO WORLD MARKET PRICE OR
PERHAPS ARRANGEMENT COULD BE MADE ON SOME FORM OF BARTER

BASIS;

D. THIS IS ONLY CONDITION WHICH MIGHT APPEAR TO POSE PROBLEM SINCE CASH PAYMENT ARRANGEMENT WOULD INVOLVE SUBSTANTIAL DISCOUNT AND THUS MIGHT BE MORE DIFFICULT THAN CREDIT ARRANGEMENT.

E. CONTINENTAL FULLY RECOGNIZED THAT SUBSTANTIAL AMOUNTS OF GRAIN WOULD BE INVOLVED AND IT WOULD BE NECESSARY TO STRETCH DELIVERY PERIOD AT LEAST OVER FULL CROP YEAR AND THAT MORE THAN EXISTING STOCKS WOULD BE REQUIRED.

2. SORENSEN ALSO INFORMED DEPTOFF THAT WHILE HE WISHED FOLLOWING INFORMATION TO BE BROUGHT TO EMBASSY'S ATTENTION, HE PREFERRED THAT IT NOT BE MENTIONED TO GOT AT THIS STAGE. TURKISH JOURNALIST ABDI IPEKCI HAD RECENTLY BEEN IN CONTACT WITH CONTINENTAL GRAIN GENEVA OFFICE TO OFFER ASSISTANCE IN WORKING OUT SETTLEMENT OF DISPUTE. IPEKCI INDICATED HE HAD TALKED WITH ECEVIT WHO HAD INSTRUCTED MINISTER OF COMMERCE TO FIND SATISFACTORY SOLUTION TO PROBLEM AND INVITE CONTINENTAL GRAIN REPS TO ANKARA. SORENSEN SAID HE ALSO UNDERSTOOD FINANCE MINISTER AND ECONOMIC COOPERATION MINISTER HAD ALSO EXPRESSED INTEREST IN EARLY SETTLEMENT, AS HAD DEPUTY PRIME MINISTER SUKAN WHO YEAR OR SO AGO HAD INTRODUCED LIMITED OFFICIAL USE

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MOTION IN PARLIAMENT CALLING FOR INVESTIGATION OF MATTER.

3. SORENSEN SAID HE HOPED NIMETZ COULD MENTION DESIRABILITY OF EARLY RESOLUTION OF DISPUTE WHILE IN ANKARA. IN TERMS OF HIS OWN SCHEDULE, SORENSEN WOULD VERY MUCH LIKE TO COME TO ANKARA AROUND MARCH 1, IF HE AND CONTINENTAL GRAIN EXECUTIVES COULD SEE OTHER KEY MINISTERS AND POSSIBLY PRIME MINISTER AS WELL AS AGRICULTURE MINISTER. VANCE

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